

**May 12, 2014**

**Natural Gas Trends**

**Highlights**

**EPA seeks input on making fracking fluid chemical data more transparent**

In an effort to increase public access to data on chemicals used in hydraulic fracturing, the Environmental Protection Agency on Friday said it will seek input on how such information could be more easily obtained and distributed.

The input will be used in an Advance Notice of Proposed Rulemaking that will help EPA “promote the transparency and safety of unconventional oil and gas activities while strengthening protection of our air, water, land and communities.”

EPA said its request for information resulted from “a citizen petition” submitted under the Toxic Substances Control Act. As a first step, the agency said it would “convene a stakeholder process to develop an approach to obtain information on chemical substances and mixtures used in hydraulic fracturing.” EPA also said it wants ideas on how to minimize reporting costs and burdens on the drilling industry.

EPA spokeswoman Cathy Milbourn stressed that this action is “totally separate” from a comprehensive study the agency is conducting on the potential impact of fracking on groundwater contamination.

Dan Whitten, senior director of communications for America’s Natural Gas Alliance, said the producer trade group will review the proposal to see if “any of the new contemplated programs might have on our operations.”

“We look forward to engaging with EPA to see that any new regulatory or voluntary program employs a common-sense, workable and effective approach,” he said.

But American Petroleum Institute spokesman Zachary Cikanek called the proposed rulemaking “unnecessary and duplicative.”

“Robust chemical information is already available to EPA, as well as state regulators that are the primary regulators for oil and gas operations,” he said. “The API strongly supports the use of FracFocus.org to provide the public with factual information on the chemicals used in the hydraulic fracturing process and information on industry operations.”

Source: Platts Gas Daily

**Data**

- June 2014 Natural Gas Futures Contract (as of May 9), NYMEX at Henry Hub closed at \$4.531 per million British thermal units (MMBtu)
- June 2014 Light, Sweet Crude Oil Futures Contract WTI (as of May 9), closed at \$99.99 per U.S. oil barrel (Bbl.) or approximately \$17.24 per MMBtu

**Last week: Texas warmer than normal**

For the week beginning 5/4/14 and ending 5/10/14, cooling degree days (CDD) were higher than normal (warmer) for the week and for the year to date for most Texas cities shown.

Source: [www.cpc.ncep.noaa.gov](http://www.cpc.ncep.noaa.gov)

COOLING DEGREE DAYS (CDD)				
City or Region	Total CDD for week ending 5/10/14	*Week CDD + / - from normal	Year-to-date total CDD	* YTD % +/- from normal
Amarillo	53	43	92	-999%
Austin	67	8	262	-16%
DFW	82	37	256	68%
El Paso	57	15	188	35%
Houston	72	11	329	0%
SAT	94	29	470	37%
Texas**	67	17	264	-5%
U.S.**	22	7	86	-999%

\* A minus (-) value is cooler than normal; a plus (+) value is warmer than normal. NOAA uses 65° Fahrenheit as the ‘normal’ basis from which CDDs are calculated.  
 \*\* State and U.S. degree days are population-weighted by NOAA.

-999 = Normal Less Than 100 or Ratio Incalculable

**Last week: U.S. natural gas storage at 1055 Bcf**

For the week ending 5/2/2014 working gas in storage increased from 981 Bcf to 1,055 Bcf. This represents an increase of 74 Bcf from the previous week. Stocks were 797 Bcf lower than last year at this time and 982 Bcf below the 5 year average of 2,037 Bcf.

Source: <http://ir.eia.gov/ngs/ngs.html>

U.S. WORKING GAS IN STORAGE				
Region	Week ending 5/2/14	Prior week	One-week change	Current Δ from 5-YR Average (%)
East	397	362	35	-54.4%
West	203	191	12	-37.0%
Producing	455	428	27	-46.1%
Lower 48 Total	1,055	981	74	-48.2%

Lower 48 states, underground storage, units in billion cubic feet (Bcf)

**Last week: U.S. gas rig count level for 2nd week**

The gas rig count for the U.S. showed no change compared to the prior two weeks and was down 27 when compared to twelve months ago. The total rig count for the U.S. was up one from last week and up 86 when compared to twelve months ago. The total rig count includes both oil and natural gas rotary rigs.

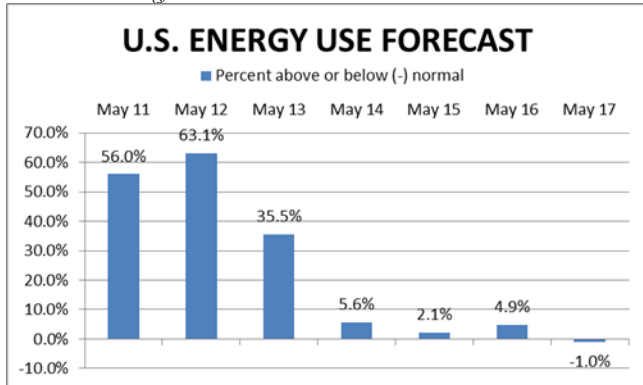
Source: Baker Hughes

BAKER HUGHES ROTARY RIG COUNT				
	As of 5/9/2014	+/- prior week	Year ago	+/- year ago
Texas	895	3	838	57
U.S. gas	323	0	350	-27
U.S. oil	1528	1	1412	116
U.S. total	1855	1	1769	86
Canada	145	-18	118	27

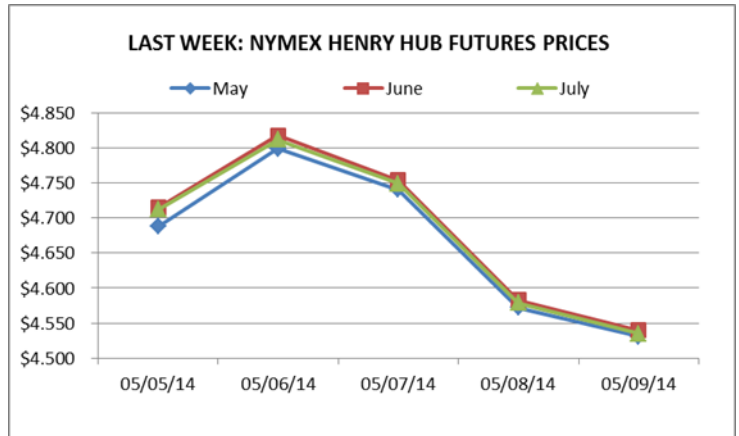
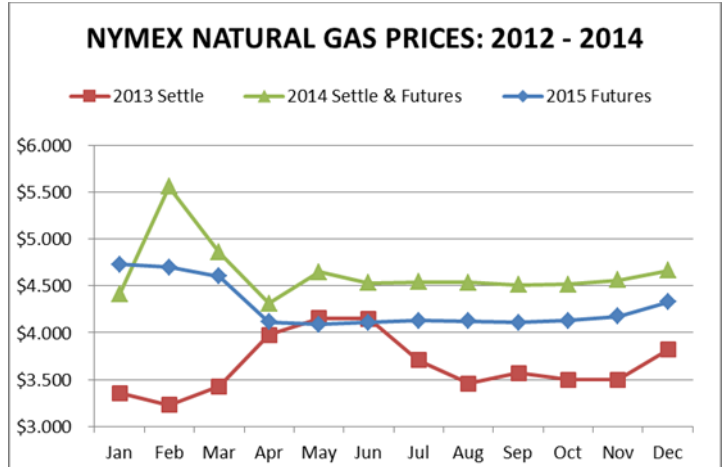
**This week: U.S. energy use above normal**

U.S. energy use is predicted to be above normal for most of the week, according to the Dominion Energy Index, as shown below. Dominion forecasts total U.S. residential energy usage, a component of which is natural gas.

Source: Dominion Energy Index



2014 prices. Natural gas prices for 2014, shown below in green, are the NYMEX settlement prices for Jan.-May and futures prices for the remainder of the year.



**NATURAL GAS PRICE SUMMARY AS OF 5/9/2014**

This Week	+/- Last Week	+/- Last Year	12-Month Strip Avg.
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US June futures

NYMEX	\$4.531	-\$0.143	\$0.555	\$4.553
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